

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

TOWNSHIP OF L'ANSE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND OTHER FINANCIAL INFORMATION

MARCH 31, 2007

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INDEPENDENT AUDITORS REPORT

To the Township Board
Township of L'Anse
L'Anse, Michigan

We have audited the accompanying statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of L'Anse Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the L'Anse Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

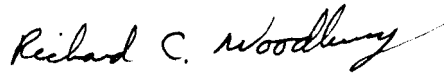
We conducted our audit in accordance with auditing standards, and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of L'Anse Township, Michigan as of March 31, 2007 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 2007, on our consideration of L'Anse Township, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered when assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise L'Anse Township, Michigan's, basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink, reading "Richard C. Woodbury". The signature is written in a cursive style with a horizontal line extending from the end.

Richard C. Woodbury, CPA

September 25, 2007

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current Assets	\$544,097	\$604,131	\$323,194	\$223,381	\$867,291	\$827,513
Noncurrent Assets	447,135	464,208	526,957	495,773	974,092	959,981
 Total Assets	 \$991,232	 \$1,068,339	 \$850,151	 \$719,155	 \$1,841,383	 \$1,787,494
Long-Term Debt Outstanding	\$ --	\$ --	\$416,766	\$416,918	\$416,766	\$416,918
Other Liabilities	7,829	14,823	19,905	93,116	27,734	107,939
 Total Liabilities	 \$7,829	 \$14,823	 \$436,671	 \$510,034	 \$444,500	 \$524,857
Net Assets						
Invested in Capital Assets—Net of Debt	\$447,135	\$464,208	\$54,707	\$54,707	\$501,842	\$518,915
Restricted	--	--	--	--	--	--
Unrestricted (Deficit)	536,268	589,308	358,773	154,414	895,041	743,722
 Total Net Assets	 983,403	 1,053,516	 413,480	 209,121	 1,396,883	 1,226,637
 Total Liabilities and Net Assets	 \$991,232	 \$1,068,339	 \$850,151	 \$719,155	 \$1,841,383	 \$1,787,494

Management's Discussion and Analysis

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues						
Charges for Services	\$20,490	\$20,734	\$16,774	\$16,641	\$37,234	\$37,375
Operating Grants and Contributions	--	--	121,722	--	121,722	--
Capital Grants and Contributions	--	--	--	--	--	--
General Revenues	--	--	--	--	--	--
Property Taxes	265,941	257,758	--	--	265,941	257,758
State-Shared Revenues	139,604	130,084	--	--	139,604	130,084
Unrestricted Investment Earnings	17,605	8,501	8,277	4,200	25,882	12,701
Franchise Fees	--	--	--	--	--	--
Transfers and Other Revenue	1,910	7,950	91,540	31,123	93,450	39,073
Total Revenues	445,550	\$425,027	\$238,313	\$51,964	\$684,363	\$476,991
Program Expenses						
General Government	\$144,201	\$150,550	\$ --	\$ --	\$144,201	\$150,550
Public Safety	85,383	82,422	--	--	85,383	82,422
Public Works	25,759	6,773	--	--	25,759	6,773
Health and Welfare	107,316	65,816	--	--	107,316	65,816
Community and Economic Development	--	--	--	--	--	--
Recreation and Culture	61,465	70,116	--	--	61,465	70,116
Loss on Sale	--	385	--	--	--	385
Transfer	91,540	31,123	--	--	91,540	31,123
Water and Sewer	--	--	33,954	34,524	33,954	34,524
Total Expenses	515,664	\$406,800	\$33,954	\$34,524	\$549,618	\$441,324
Change in Net Assets	(\$70,114)	\$18,227	\$204,359	\$17,440	\$134,745	\$35,667

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Fund.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, the Fire Fund, and the Ambulance Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year.

Management's Discussion and Analysis

Capital Assets and Debt Administration

At the end of 2007, the Township had \$1,656,564 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township.

List of Accomplishments for current fiscal year

Water and Sewer

Legal advertising and compliance with necessary RDA and EPA details for the US 41 Water project were completed. A database of all potential water customers along US 41 and the Power Dam Rd was prepared by the clerk. In June the necessary water project resolution and ordinance was published also amended were the water rate and water consumption ordinances to reflect the increases set by the Village of L'Anse. Great Lakes Contracting, Inc. of Freeland, MI was chosen for the undertaking of the US 41 Water Project based upon bidding and RDA recommendations in the amount of \$671,262. Amendment #2 to the Engineering Service Agreement changing the contract total for engineering services by UP Engineers and Architects for the US 41 Water Project from \$114,042 to \$135,638 was approved. Ordinance No. 2006 11-8-1, US 41 Water Line Extension Ordinance, was enacted pertaining to bonding of the project. Successful closing of the US 41 Water Line Extension took place with RDA, EPA and other involved agencies with installation scheduled to begin in April 2007.

Elections

A new Accuvote machine for conducting all elections was received through HAVA funding. This unit was mandated by both federal and state election officials. An Automark ballot marking machine was also received through HAVA with program and printing costs shouldered by the township and county. The clerk attended two workshops on the use of this machine. Three elections were held.

Maintenance and Blight

The township Blight Committee worked diligently on the blight survey and follow-up. Some 40 property owners were cited for potential blight. There has been a noticeable/observable effort at blight eradication by property owners.

In January in order to comply with RDA requirements for handicap accessibility, levered door handles were installed, the coat racks were lowered, a new threshold was installed at the building entrance and handicapped level lavatories were installed in the both bathrooms in the Town Hall.

The board advertised for painting of the town hall with a lone bid of \$58,000 which was deemed too expensive. M&M Painting of Dodgeville, MI was contracted to prepare and paint the exterior of town hall for \$7,800. The garage was also painted, wrought iron steps were installed and the boardwalk beside the town hall was weatherized at additional charges.

Parks

Gravel was added and grading was done to the Second Sand Beach Road which was a carryover from 2005. The Township also improved the drainage below the bathhouse facility in the L'Anse township park by contracting Kahkonen Excavating, Inc. to install a drainage pipe.

Cemeteries

CAD mapping and the placement of pins for each grave lot was completed for the Aura Cemetery with the Herman Cemetery to be done next.

Fire and Ambulance

The board renewed the Ambulance Agreement with Bay Ambulance. The board also worked on putting in place new fire agreements for fire protection from the Village of L'Anse Fire Department for township residents living outside the village limits.

The Board

Board members attended several different workshops and seminars to stay current with their duties and responsibilities. The board also became a part of and actively participated in BCCMTA meetings throughout the year. The town hall Use Policy was updated and the upstairs of the hall has seen use for physical fitness under the auspices of Baraga County Memorial Hospital. A Board Ethics Policy was also approved.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Robert Trembreull
Township Supervisor

Township of L'Anse
Government Wide Statement of Net Assets
March 31, 2007

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	\$ 512,847	\$ 323,194	\$ 836,041	\$ -
Investment	-	-	-	-
Receivables (Net)	31,250	-	31,250	-
Internal Balances	-	-	-	-
Inventories	-	-	-	-
Assets Restricted by Bond Indentures	-	-	-	-
Capital Assets - Net	446,105	526,957	973,062	-
Total Assets	\$ 990,202	\$ 850,151	\$ 1,840,353	\$ -
LIABILITIES				
Accounts Payable	\$ 7,829	\$ 19,905	\$ 27,734	\$ -
Accrued and Other Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Noncurrent Liabilities				
Due Within One Year	-	13,974	13,974	-
Due in More than One Year	-	402,792	402,792	-
Total Liabilities	7,829	436,671	444,500	-
NET ASSETS				
Investment in Capital Assets				
Net of Related Debt	\$ 446,105	\$ 54,707	\$ 500,812	\$ -
Restricted for				
Streets and Highways	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	121,786	121,786	-
Other Purposes	-	-	-	-
Unrestricted	536,268	236,987	773,255	-
Total Net Assets	982,373	413,480	1,395,853	-
Total Liabilities and Net Assets	\$ 990,202	\$ 850,151	\$ 1,840,353	\$ -

See Notes to Financial Statements and Independent Auditors Report.

Township of L'Anse
Government Wide Statement of Activities
For year ended March 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets				Component Units
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government								
General Government	\$144,201	\$ 285	\$ -	\$ -	\$ (143,916)	\$ -	\$ (143,916)	\$ -
Public Safety	85,383	7,525	-	-	(77,858)	-	(77,858)	-
Public Works	26,788	-	-	-	(26,788)	-	(26,788)	-
Health and Welfare	107,316	-	-	-	(107,316)	-	(107,316)	-
Community and Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	61,465	12,680	-	-	(48,785)	-	(48,785)	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-
Transfers to other funds	91,540	-	-	-	(91,540)	-	(91,540)	-
Total Governmental Activities	516,693	20,490	-	-	(496,203)	-	(496,203)	-
Business-Type Activities								
Water and Sewer	33,954	16,774	121,722	-	-	104,542	104,542	-
Total Primary Government	\$550,647	\$ 37,264	\$ 121,722	\$ -	(496,203)	104,542	(391,661)	-
General Revenues								
Property Taxes					265,941	-	265,941	-
State-Shared Revenues					139,604	-	139,604	-
Unrestricted Investment Earnings					17,605	8,277	25,882	-
Franchise Fees					-	-	-	-
Miscellaneous					1,910	-	-	-
Special Item - Gain on Sale of Park Land					-	-	-	-
Transfers					-	91,540	91,540	-
Total General Revenues - Special Items Transfers					425,060	99,817	522,967	-
Change in Net Assets					(71,143)	204,359	131,306	-
Net Assets - Beginning					1,053,516	209,121	1,262,637	-
Net Assets - End					\$ 982,373	\$ 413,480	\$ 1,393,943	\$ -

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
Governmental Statement of Revenue, Expenditures and Changes in Fund Balance
Year Ended March 31, 2007

	General Fund	Fire Millage Fund	Ambulance Millage Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 116,885	\$ 75,608	\$ 73,448	\$ -	\$ 265,941
Licenses & permits	-	-	-	-	-
Intergovernmental revenue					-
Federal	1,257	5,111	3,779		10,147
State	127,697	-	-	1,760	129,457
Charges for services	14,875	590	-	6,935	22,400
Fines & forfeits	-	-	-	-	-
Interest & rents	13,931	706	2,968		17,605
Other revenue	-	-	-		-
Total Revenues	274,645	82,015	80,195	8,695	445,550
Expenditures					
Current					
General government	144,201				
Public safety	8,114	65,606		7,927	81,647
Public works	8,686				8,686
Health and Welfare	-		107,316		107,316
Recreation and Culture	61,465				
Other					
Capital Outlay		3,736			
Debt Service					
Total Expenditures	222,466	69,342	107,316	7,927	197,649
Excess Revenues Over (Under)	52,179	12,673	(27,121)	768	247,901
Transfers In					
Transfers Out	(91,540)				
Bond Proceeds					
Total other Financing Sources	(91,540)	-	-	-	-
Excess Revenue and Other Sources Over / (Under)	(39,361)	12,673	(27,121)	768	247,901
Fund Balance -- April 1, 2006	443,742	22,367	128,786	8,620	
Fund Balance -- March 31, 2007	404,381	35,040	101,665	9,388	247,901
Change in Net Assets of Governmental Activities	(39,361)	12,673	(27,121)	768	247,901

Township of L'Anse
Governmental Fund Balance Sheet
March 31, 2007

	General Fund	Fire Millage Fund	Ambulance Millage Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 375,171	\$ 32,125	\$ 96,163	\$ 9,388	\$ 512,847
Investments	-	-	-	-	-
Receivables (Net)	-	-	-	-	-
Due From Other Funds	13,960	-	-	-	13,960
Receivable From Other Governments	6,127	5,662	5,501	-	17,290
Inventories	-	-	-	-	-
Total Assets	<u>\$ 395,258</u>	<u>\$ 37,787</u>	<u>\$ 101,664</u>	<u>\$ 9,388</u>	<u>\$ 544,097</u>
LIABILITIES					
Accounts Payable	\$ 5,081	\$ 2,748	\$ -	\$ -	\$ 7,829
Due to Other Funds	-	-	-	-	-
Payable to Other Governmentals	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>5,081</u>	<u>2,748</u>	<u>-</u>	<u>-</u>	<u>7,829</u>
Fund Balances					
Restricted for					
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	390,177	35,039	101,664	9,388	536,268
Total Fund Balances	<u>390,177</u>	<u>35,039</u>	<u>101,664</u>	<u>9,388</u>	<u>536,268</u>
Net Assets of Governmental Activities	<u>\$ 395,258</u>	<u>\$ 37,787</u>	<u>\$ 101,664</u>	<u>\$ 9,388</u>	<u>\$ 544,097</u>

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
March 31, 2007

Total Fund Balance - Governmental Activities per Balance Sheet page 10	\$ 536,268
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Amounts reported for governmental activities
in the Statement of Net Assets are different
because:

1	Capital assets used in governmental activities are not financial resources and therefore not recorded in the funds	464,208
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2	Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those is depreciated over their estimated useful lives and reported as depreciation expense	
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	Capital Outlay	\$ 6,786	
	Depr. Exp & Disposals	<u>(24,889)</u>	
			<u>(18,103)</u>

Total Net Assets - Governmental Activities per Balance Sheet page 9	<u><u>\$ 982,373</u></u>
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Township of L'Anse
Proprietary Combining Balance Sheet
March 31, 2007

	Water & Sewer Fund	Sewer Contingency Fund	Water Hook-up Fund	US 41 Water Fund	Totals Business - Type Activities
ASSETS					
Cash in bank	\$ -	\$ 303,090	\$ -	\$ 20,104	\$ 323,194
Accounts receivable	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Engineering	-	-	-	-	-
Utility plant and system	-	626,997	-	134,587	761,584
Equipment	-	-	-	-	-
Accumulated depreciation	-	(234,627)	-	-	(234,627)
TOTAL ASSETS	\$ -	\$ 695,460	\$ -	\$ 154,691	\$ 850,151
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to General Fund	-	-	-	13,185	13,185
Due to Other Gov't Units	-	-	-	6,720	6,720
Revenue bonds payable	-	403,766	-	13,000	416,766
TOTAL LIABILITIES	-	403,766	-	32,905	436,671
FUND EQUITY					
Contributed capital	-	54,707	-	-	54,707
Retained earnings (deficit):					
Unreserved	-	236,987	-	-	236,987
Reserved	-	-	-	121,786	121,786
TOTAL FUND EQUITY	-	291,694	-	121,786	413,480
TOTAL LIABILITIES AND FUND EQUITY	\$ -	\$ 695,460	\$ -	\$ 154,691	\$ 850,151

Township of L'Anse
Proprietary Funds
Combined Statement of Revenues, Expenses and Changes in Retained Earnings
For the year ended March 31, 2007

	Water & Sewer Fund	Sewer Contingency Fund	Water Hookup Fund	US 41 Water Fund	Totals Business - Type Activities
<u>OPERATING REVENUES</u>					
Charges for services	\$ -	\$ 16,774	\$ -	\$ -	\$ 16,774
Other operating revenue	-	-	-	121,722	121,722
TOTAL OPERATING REVENUE	-	16,774	-	121,722	138,496
<u>OPERATING EXPENSES</u>					
Salaries and wages	-	-	-	-	-
Contracted services	-	-	-	-	-
Bad Debts	-	-	-	-	-
Utilities	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Insurance	-	-	-	-	-
Professional fees	-	-	-	-	-
Provision for depreciation	-	15,566	-	-	15,566
Miscellaneous	-	-	-	-	-
TOTAL OPERATING EXPENSES	-	15,566	-	-	15,566
OPERATING INCOME (LOSS)	-	1,208	-	121,722	122,930
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest on investments	33	8,180	-	64	8,277
Interest expense on bonds	-	(18,388)	-	-	(18,388)
Disaster Assistance grant	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	33	(10,208)	-	64	(10,175)
Operating Transfers in (out)	(4,893)	99,433	(3,000)	-	91,540
NET INCOME (LOSS)	(4,860)	90,433	(3,000)	121,786	204,359
Retained earnings at April 1	4,860	146,554	3,000	-	154,414
RETAINED EARNINGS AT MARCH 31	\$ -	\$ 236,987	\$ -	\$ 121,786	\$ 358,773

Township of L'Anse
Proprietary Funds
Combined Statement of Cash Flow
For the Year ended March 31, 2007

	Water & Sewer Fund	Sewer Contingency Fund	Water Hookup Fund	US 41 Water Fund	Total Business - Type Activities
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income	\$ (4,860)	\$ 90,433	\$ (3,000)	\$ 121,786	\$ 204,359
Adjustments to reconcile operating income to net cash provided by operating activities:					-
Depreciation	-	15,566	-	-	15,566
Changes in assets and liabilities:					-
(Increase) Decrease in accounts receivable	-	-	-	-	-
(Increase) Decrease in Due from other Funds	-	-	-	6,720	6,720
Increase (Decrease) in accounts payable	-	-	-	(5,280)	(5,280)
Increase (Decrease) in Due to General Fund	-	-	-	(74,651)	(74,651)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,860)	105,999	(3,000)	48,575	146,714
CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	-	-	-	-
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES					
Payments on revenue bonds	-	(13,152)	-	-	(13,152)
Payments for capital acquisitions	-	-	-	(46,751)	(46,751)
(Increase) Decrease of restricted assets	-	-	-	-	-
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES	-	(13,152)	-	(46,751)	(59,903)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Bond Proceeds	-	-	-	13,000	13,000
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	-	-	13,000	13,000
NET INCREASE IN CASH	(4,860)	92,847	(3,000)	14,824	99,811
Cash at April 1	4,860	210,242	3,000	5,280	223,382
Cash at March 31	<u>\$ -</u>	<u>\$ 303,089</u>	<u>\$ -</u>	<u>\$ 20,104</u>	<u>\$ 323,193</u>

Township of L'Anse
Notes to Financial Statements
March 31, 2007

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of L'Anse, Michigan ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

A. Reporting Entity

The Township of L'Anse was organized under general law of the state of Michigan in 1867 and is governed by a Board of Trustees, which consists of 5 members, each of whom are elected. The township provides, or contributes to the providing of, the following services to its residents: public safety (fire and inspections), public works, culture and recreation, general administrative and other services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measure Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund - The fire fund accounts for revenue sources that are legally restricted for use on local fire protection.

Ambulance Fund - The ambulance fund accounts for revenue sources that are legally restricted for use for local emergency medical services.

The government reports the following major proprietary funds:

Sewer Contingency Fund - The sewer contingency fund accounts for revenue sources that are used to operate, manage and maintain the townships sewer system.

Additionally, the government reports the following non-major fund types:

Liquor Law Enforcement, Electric permit, Building and zoning and water hook-up funds

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-- Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-- In general, outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items-- Inventories are not significant and have not been recognized in any of the funds.

Restricted Assets-- The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

Capital Assets-- Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, \$0 of interest expense was capitalized as part of the cost of assets under construction.

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)--It is the township's policy not to permit employee's any sick or vacation pay benefits.

Long-Term Obligations-- In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity-- In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The primary government follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least one formal hearing conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31, or each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.

Township of L'Anse
Notes to Financial Statements
March 31, 2007

- d. The general statute governing the Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Township Supervisor is authorized by means of the Township policy to make certain transfers:
 - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amounts to be affected within prescribed limitations. The Board must approve transfers in excess of those limitations.
 - 2. The following considerations must be reviewed in determination of transfer approvals:
 - a. Are the transfers consistent with the intent of the Board in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Township Supervisor and submitted to the Budget Committee for further consideration. If approved, they are transmitted to the Township Board for their review and approval. If approved, they are implemented by the Supervisor's Office through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control resides at the line item level.
- g. Budgets for the General and Special Revenue Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board.

Township of L'Anse
Notes to Financial Statements
March 31, 2007

All annual appropriations lapse at fiscal year end.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>
	None	None
General Fund	None	None
Fire Fund	None	None
Ambulance Fund	None	None
Liquor Law Enforcement	None	None
Building and Zoning	None	None
Electrical Permits	None	None

Fund Deficits-- The Local Governmental Unit has accumulated fund balance/retained earning deficits in the following individual funds

<u>Fund</u>	<u>Deficit</u>	<u>Fund Equity</u>
None	None	None

NOTE 3—DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The L'Anse Township Board has designated three banks/credit unions for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority

At year-end, the L'Anse Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$512,847	\$323,194	\$7,864	\$843,905	\$ --
Investments	--	--	--	--	--
Restricted Assets	--	--	--	--	--
Total	\$512,847	\$323,194	\$7,864	\$843,905	\$ --

Township of L'Anse
Notes to Financial Statements
March 31, 2007

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$843,805	\$ --
Investments in Securities, Mutual Funds and Similar Vehicles	--	--
Petty Cash and Cash on Hand	100	--
Total	\$843,905	\$ --

The bank balance of the primary government's deposits is \$850,102, of which \$850,102 is covered by federal depository insurance and \$0 is collateralized by with U.S. Treasury securities held by the pledging financial institution's trust department in the government's name.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Governmental Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

At year-end, the government's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary Government				
U.S. Government Securities	\$ --	\$ --	\$ --	\$ --
Commercial Paper	--	--	--	--
Repurchase Agreements	--	--	--	--
Subtotal	\$ --	\$ --	\$ --	
Investments Not subject to Categorization				
Mutual Funds				
Bank Investment Pools				
Total Primary Government				\$ --
Component Units				
Bank Investment Pools				\$ --

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Governmental funds report no deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Delinquent Property Taxes	\$ --	\$ --
Special Assessments	--	--
Grant Drawdowns Prior to Meeting all Eligibility Requirements	--	--
	--	--
Total	\$ --	\$ --

NOTE 4—CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$301,514	\$--	\$--	\$301,514
Construction in Progress	--	--	--	--
Subtotal	301,514	--	--	301,514
Capital Assets Being Depreciated				
Buildings	1,122,934	--	--	1,122,934
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	226,994	6,786	1,664	232,116
Infrastructure	--	--	--	--
Subtotal	1,651,442	6,786	1,664	1,656,564
Less Accumulated Depreciation for				
Buildings	1,019,741	3,909	--	1,023,650
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	167,493	19,316	--	186,809
Infrastructure	--	--	--	--
Subtotal	1,187,234	23,225	--	1,210,459
Net Capital Assets Being Depreciated	464,208	16,439	--	446,105
Governmental Activities Capital Total	\$1,651,442	\$6,786	\$1,664	\$1,656,564
Capital Assets—Net Depreciation	\$464,208	\$16,439	\$--	\$446,105

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated	\$--	\$--	\$--	\$--
Land	--	--	--	--
Construction in Progress	--	--	--	--
Subtotal	--	--	--	--
Capital Assets Being Depreciated				
Buildings	--	--	--	--
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	714,833	--	--	714,833
Infrastructure			--	
Subtotal	714,833	--	--	714,833
Less Accumulated Depreciation for				
Buildings	--	--	--	--
Improvements Other Than Buildings	--	--	--	--
Machinery and Equipment	--	--	--	--
Infrastructure	219,060	15,567	--	234,627
Subtotal			--	
Net Capital Assets Being Depreciated	495,773	15,567	--	480,206
Governmental Activities Capital Total	\$714,833	\$--	\$--	\$714,833
Capital Assets—Net Depreciation	\$219,060	\$15,567	\$--	\$234,627

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$2,704
Public Safety	9,883
Public Works	--
Economic Development	--
Recreation and Culture	10,638
Internal Service Fund Depreciation is Charged to the Various Functions Based on Their Usage of the Assets	--
Total Governmental Activities	<u>\$23,225</u>
Business-Type Activities	
Water	--
Sewer	<u>\$15,567</u>
Total Business-Type Activities	<u><u>\$15,567</u></u>

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Construction Commitments—The government has no active construction projects at year-end.

NOTE 5—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From Other Funds		
General	US 41 Water Fund	\$13,185
Total		<u><u>\$13,185</u></u>

Interfund Transfers

	<u>Transfers (Out)</u>		
	<u>Water and Sewer</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Transfers In			
General Fund	\$91,540	\$ --	\$91,540
Total	<u>\$91,540</u>	<u>\$ --</u>	<u>\$91,540</u>

NOTE 6—LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

The revenue bonds payable reflected in the Sewer Contingency Fund of general obligation and revenue bonds were incurred for the sanitary system on behalf of the Township. The Village of L'Anse and the Township of L'Anse have entered into a contract with the Baraga County Board of Public Works for the local share of the financing of a sanitary sewer system. The Baraga County Board of Public Works issued Baraga County Sanitary System No. 2 Bonds to finance this project. Annual transfers equal to principal and interest payments on the debt are made based on contractual agreements by those local units deriving revenues and benefits from the facilities. The remaining payment schedule on the bonds is as follows:

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-Type Activities						
Revenue Bonds						
System # 1	5%	2042	\$138,096	(\$9,864)	\$128,232	\$10,686
System # 2	4.5%	2018	278,822	(3,288)	275,534	3,288
Total Business-Type Activities			\$416,918	(13,152)	403,766	\$13,974

Annual debt service requirements to maturity for the above obligations are as follows

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ --	\$ --	\$13,974	\$18,135
2009	--	--	14,960	17,453
2010	--	--	15,125	16,723
2011	--	--	14,467	15,984
2012	--	--	14,635	15,280
2013 – 2042	--	--	330,605	225,013
Total	\$ --	\$ --	\$416,918	\$308,588

Bonds originally issued for (System 1# \$1,710,000 and dated October 17, 1979; System 2# \$1,750,000 and dated December 10, 2001), mature annually as scheduled above and bear interest at (System #1 - 5%; System #2 - 4.5%) per annum. Interest is payable (System #1 -May 1 and November 1; System #2 -Jan 1 and July 1) .

NOTE 7—SEGMENT INFORMATION

The Township maintains four enterprise funds: a Water & Sewer Fund, Sewer Contingency Fund, Water Hookup Fund, and US 41 Water Project. The Water and Sewage Fund and the Water Hookup Fund were closed during the year. Condensed segment information for the period ended March 31, 2007 is as follows:

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Condensed Statement of Net Assets

Assets	
Current Assets	\$
Due From Other Funds	323,194
Restricted Assets	--
Capital Assets	<u>526,957</u>
Total Assets	<u><u>\$850,151</u></u>
Liabilities	
Current Liabilities	\$6,720
Due to Other Funds	13,185
Current Liabilities Payable From Restricted Assets	--
Noncurrent Liabilities	<u>416,766</u>
Total Liabilities	436,671
Net Assets	
Invested in Capital Assets	54,707
Restricted	121,786
Unrestricted	<u>236,987</u>
Total Net Assets	<u>413,480</u>
Total Liabilities and Net Assets	<u><u>\$850,151</u></u>

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

Sewer Charges (Pledged Against Bonds)	\$16,774
Grants	121,722
Depreciation Expense	(15,566)
Other Operating Expenses	<u>--</u>
Operating Income	122,930
Nonoperating Revenue (Expense)	
Investment Earnings	8,277
Interest Expense	(18,388)
Operating Transfers in (out)	<u>91,540</u>
Changes in Net Assets	204,359
Beginning Net Assets	<u>209,121</u>
Ending Net Assets	<u><u>\$413,480</u></u>

Township of L'Anse
Notes to Financial Statements
March 31, 2007

Condensed Statement of Cash Flows

Net Cash Provided by (Used in)	
Operating Activities	\$146,714
Noncapital Financing Activities	--
Capital and Related Financing Activities	(59,903)
Investing Activities	13,000
	<hr/>
Net Increase (Decrease)	99,811
Beginning Cash and Cash Equivalents	223,382
	<hr/>
Ending Cash and Cash Equivalents	\$323,193
	<hr/>

NOTE 8—RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

	<u>US 41 Water Project</u>	<u>Total</u>
Unspent Bond Proceeds	\$320	\$320
Revenue Bond Restrictions		
Operations and Maintenance Account	6,720	6,720
Improvement and Replacement Account	1,003	1,003
Bond Interest and Redemption	1,003	1,003
Bond Reserve	11,058	11,058
	<hr/>	<hr/>
Total Restricted Assets	\$20,104	\$20,104
	<hr/>	<hr/>

NOTE 9—RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township maintains insurance coverage through the Michigan Township Participating Plan, which covers each of the risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the township. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10—EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Township has a defined contribution retirement plan through ManuLife covering all elected officials. The Township's contribution for all funds amounted to \$3,997 for the year ended March 31, 2007. The funds vest immediately.

The premium due under the policy, which is paid totally by the Township, is based on the elected official's income level. The plans value at December 31, 2007 is not available.

Township of L'Anse
Notes to Financial Statements
March 31, 2007

NOTE 11—SUBSEQUENT EVENTS - US 41 WATER LINE EXTENSION FUND

This project closed (i.e. authorized to start project) on December 15, 2006. By the time the project closed it was too late to start the construction before spring. There was no money borrowed to start the construction during this fiscal year. The money that was spent prior to the fiscal year end was used primarily for professional services..

Required Supplemental Information

Township of L'Anse
Budgetary Comparison Schedule
General Fund
Year ended March 31, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Beginning Budgetary Fund Balance	\$ 443,742	\$ 443,742	\$ 443,742	-
Resources (Inflows):				
Taxes	107,080	107,080	116,885	(9,805)
Licenses & permits	-	-	-	-
Intergovernmental revenue				-
Federal	1,500	1,500	1,257	243
State	125,000	125,000	127,697	(2,697)
Charges for services	26,800	13,300	14,875	(1,575)
Fines & forfeits	-	-	-	-
Interest & rents	7,825	7,825	13,931	(6,106)
Other revenue	45,500	-	-	-
Amounts available for Appropriations	757,447	698,447	718,387	(19,940)
Charges to Appropriation (Outflows):				
General government				-
Township Board	10,970	11,270	10,235	1,035
Supervisor	19,289	20,759	18,842	1,917
Elections	3,650	3,850	3,800	50
Assessor / Equalization	24,140	24,140	24,153	(13)
Clerk	17,210	17,660	17,696	(36)
Board of Review	1,646	2,146	2,277	(131)
Treasurer	27,729	27,729	27,020	709
Township Properties	65,606	65,656	30,457	35,199
Cemetery	4,920	4,920	4,671	249
Legal and Accounting	21,920	7,920	5,050	2,870
Public safety				
Planing and zoning	7,204	8,672	8,114	558
Public works				
Street lights	8,340	6,840	6,875	(35)
Sanitation, refuse collection	-	565	554	11
Highways and streets	-	1,500	1,257	243
Recreation & culture	53,958	61,597	61,465	132
Transfers to other funds	32,000	92,000	91,540	460
Total Charges to Appropriations	298,582	357,224	314,006	43,218
Ending Budgetary Fund Balance	\$ 458,865	\$ 341,223	\$ 404,381	\$ (63,158)

Township of L'Anse
Budgetary Comparison
Fire Fund
For year ended March 31, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Beginning Budgetary Fund Balance	\$ 22,367	\$ 22,367	\$ 22,367	\$ -
Resources (Inflows):				
Taxes	76,095	76,095	75,608	487
Licenses & permits				-
Intergovernmental revenue				-
Federal	4,120	4,120	5,111	(991)
State	-	-	-	-
Charges for services	600	600	590	10
Fines & forfeits	-	-	-	-
Interest & rents	400	400	706	(306)
Other revenue	-	-	-	-
Amounts available for Appropriations	103,582	103,582	104,382	(800)
Charges to Appropriation (Outflows):				
Personal services	-	-	-	-
Capital outlay	1,000	3,736	3,736	-
Other current expenditures	72,100	69,364	65,606	3,758
Total Charges to Appropriations	73,100	73,100	69,342	3,758
Ending Budgetary Fund Balance	<u>\$ 30,482</u>	<u>\$ 30,482</u>	<u>\$ 35,040</u>	<u>\$ (4,558)</u>

Township of L'Anse
Budgetary Comparison Schedule
Ambulance Fund
For year ended March 31, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Beginning Budgetary Fund Balance	\$ 128,786	\$ 128,786	\$ 128,786	\$ -
Resources (Inflows):				
Taxes	76,055	76,055	73,448	2,607
Licenses & permits				-
Intergovernmental revenue				-
Federal	4,100	4,100	3,779	321
State				-
Charges for services	-	-	-	-
Fines & forfeits	-	-	-	-
Interest & rents	1,380	1,380	2,968	(1,588)
Other revenue	-	-	-	-
Amounts available for Appropriations	210,321	210,321	208,981	1,340
Charges to Appropriation (Outflows):				
Personal services	-	-	-	-
Capital outlay	-	-	-	-
Other current expenditures	68,000	108,000	107,316	684
Total Charges to Appropriations	68,000	108,000	107,316	684
Ending Budgetary Fund Balance	<u>\$ 142,321</u>	<u>\$ 102,321</u>	<u>\$ 101,665</u>	<u>\$ 656</u>

Township of L'Anse
Budgetary Comparison Schedule
Nonmajor Funds
For year ended March 31, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Beginning Budgetary Fund Balance	\$ 8,620	\$ 8,620	\$ 8,620	\$ -
Resources (Inflows):				
Taxes	-	-	-	-
Licenses & permits	-	-	-	-
Intergovernmental revenue				-
Federal	-	-	-	-
State	1,800	1,800	1,760	40
Charges for services	9,780	9,780	6,935	2,845
Fines & forfeits	-	-	-	-
Interest & rents	-	-	-	-
Other revenue	-	-	-	-
Amounts available for Appropriations	20,200	20,200	17,315	2,885
Charges to Appropriation (Outflows):				
Salaries & Wages	3,350	3,350	1,021	2,329
Contracted services	7,900	7,900	5,327	2,573
Capital outlay	-	-	-	-
Other current expenditures	830	880	1,579	(699)
Total Charges to Appropriations	12,080	12,130	7,927	4,203
Ending Budgetary Fund Balance	<u>\$ 8,120</u>	<u>\$ 8,070</u>	<u>\$ 9,388</u>	<u>\$ (1,318)</u>

Other Supplemental Information

Township of L'Anse
General Fund
Balance Sheet
March 31, 2007

	March 31, 2007
ASSETS	
Cash and investments	
Unrestricted	\$ 375,171
Restricted	-
Receivables	
Accounts (net)	-
Interest	-
Taxes - current	-
Taxes -delinquent personal	-
Due from Federal Government	-
Due from State of Michigan	-
Due from others funds	13,960
Due from others	6,127
Prepaid expense and other assets	-
	<hr/>
TOTAL ASSETS	\$ 395,258
	<hr/>
LIABILITIES	
Accounts Payable	\$ 5,081
Cash & investment overdrafts	-
Due to other funds	-
Due to others	-
Due to federal government	-
Due to State of Michigan	-
Accrued payroll	-
Accrued sick and vacation	-
Other current liabilities	-
	<hr/>
TOTAL LIABILITIES	5,081
FUND EQUITY	
FUND BALANCE	
Unrestricted	390,177
Reserved	-
	<hr/>
TOTAL FUND BALANCE	390,177
	<hr/>
TOTAL LIABILITIES & EQUITY	\$ 395,258
	<hr/>

See Notes to Financial Statements and Independant Auditors Report

Township of L'Anse
General Fund Revenues, Budget to Actual
For the year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Property Taxes				
Operating tax levy	\$ 80,250	\$ 80,250	\$ 89,818	\$ 9,568
Delinquent tax collection and interest	130	130	(169)	(299)
Trailer Park taxes	100	100	78	(22)
Administrative fees	26,600	26,600	27,158	558
Total General Property Taxes	<u>\$ 107,080</u>	<u>\$ 107,080</u>	<u>\$ 116,885</u>	<u>\$ 9,805</u>
Licenses and Permits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intergovernmental Revenue				
Payments in Lieu of taxes				
Swamp Lands	\$ -	\$ -	\$ -	\$ -
Commercial Forest Reserves	-	-	-	-
State shared taxes	125,000	125,000	127,697	2,697
Total State Shared Revenues	<u>125,000</u>	<u>125,000</u>	<u>127,697</u>	<u>2,697</u>
Federal Grants				
Payments in Lieu of taxes - National Forest	1,500	1,500	1,257	(243)
Total Federal Shared Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,257</u>	<u>(243)</u>
Reimbursements from other governments	-	-	-	-
Total Intergovernmental Revenue	<u>\$ 126,500</u>	<u>\$ 126,500</u>	<u>\$ 128,954</u>	<u>\$ 2,454</u>
Charges for Services				
Charges for services	\$ 280	\$ 280	\$ 285	\$ 5
Rentals & Park Fees	10,770	10,770	12,680	1,910
Miscellaneous	15,750	2,250	1,910	(340)
Total Charges for Services	<u>\$ 26,800</u>	<u>\$ 13,300</u>	<u>\$ 14,875</u>	<u>\$ 1,575</u>
Fines and forfeits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 7,825</u>	<u>\$ 7,825</u>	<u>\$ 13,931</u>	<u>\$ 6,106</u>
Other Revenue	<u>\$ 45,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenue	<u>\$ 313,705</u>	<u>\$ 254,705</u>	<u>\$ 274,645</u>	<u>\$ 19,940</u>

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual
For the year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
LEGISLATIVE				
TOWNSHIP BOARD				
Personal Services, Salaries wages				
Salaries and wages	\$ 6,400	\$ 6,400	\$ 5,658	\$ 742
Employee benefits	1,300	1,600	1,472	128
Total Personal Services, Salaries	<u>7,700</u>	<u>8,000</u>	<u>7,130</u>	<u>870</u>
Capital outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	80	80	80	-
Office supplies	100	301	296	5
Travel	150	150	140	10
Printing and Publishing	1,430	1,250	1,265	(15)
Dues and Memberships	1,510	1,489	1,324	165
Miscellaneous	-	-	-	-
Total Other Current Expenditures	<u>3,270</u>	<u>3,270</u>	<u>3,105</u>	<u>165</u>
Total Township Board	<u>10,970</u>	<u>11,270</u>	<u>10,235</u>	<u>1,035</u>
Total Legislative	<u>\$ 10,970</u>	<u>\$ 11,270</u>	<u>\$ 10,235</u>	<u>\$ 1,035</u>
General Government				
Supervisor				
Personal Services, Salaries wages				
Salaries and wages	\$ 14,972	\$ 14,972	\$ 13,574	\$ 1,398
Employee benefits	3,300	3,470	3,415	55
Total Personal Services, Salaries	<u>18,272</u>	<u>18,442</u>	<u>16,989</u>	<u>1,453</u>
Capital outlay		1,300	1,095	205
Other Current Expenditures				
Office Supplies	30	121	120	1
Travel	987	896	638	258
Miscellaneous	-	-	-	-
Total Other Current Expenditures	<u>1,017</u>	<u>1,017</u>	<u>758</u>	<u>259</u>
Total Supervisor	<u>\$ 19,289</u>	<u>\$ 20,759</u>	<u>\$ 18,842</u>	<u>\$ 1,917</u>
Elections				
Personal Services, Salaries wages				
Salaries and wages	-	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
Total Personal Services, Salaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	3,100	1,360	1,350	-
Office Supplies	300	15	6	9
Operating Supplies	200	2,182	2,177	5
Printing and Publishing	50	293	267	26
Miscellaneous	-	-	-	-
Total Current Expenditures	<u>3,650</u>	<u>3,850</u>	<u>3,800</u>	<u>50</u>
Total Elections	<u>\$ 3,650</u>	<u>\$ 3,850</u>	<u>\$ 3,800</u>	<u>\$ 50</u>
Assessor/Equalization				
Personal Services, Salaries wages				
Salaries and wages	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
Total Personal Services, Salaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	#VALUE!
Other Current Expenditures				
Contracted Services	21,800	21,800	23,310	(1,510)
Office Supplies	900	845	843	2
Operating Supplies	650	250	-	250
Travel	500	955	-	955
Printing and Publishing	-	-	-	-
Miscellaneous	290	290	-	290
Total Current Expenditures	<u>24,140</u>	<u>24,140</u>	<u>24,153</u>	<u>(303)</u>
Total Assessor/Equalization	<u>\$ 24,140</u>	<u>\$ 24,140</u>	<u>\$ 24,153</u>	<u>\$ (13)</u>

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual (continued)
For the year ended March 31,2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Clerk				
Personal Services, Salaries wages				
Salaries and wages	\$ 13,655	\$ 14,155	\$ 13,902	\$ 253
Employee benefits	2,930	2,980	3,186	(206)
Total Personal Services, Salaries	16,585	17,135	17,088	47
Capital Outlay	-	-	-	-
Other Current Expenditures				
Office Supplies	560	425	509	(84)
Operating Supplies	-	25	25	-
Travel	65	75	74	1
Printing and Publishing	-	-	-	-
Miscellaneous	-	-	-	-
Total Other Current Expenditures	625	525	608	(83)
Total Clerk	\$ 17,210	\$ 17,660	\$ 17,696	\$ (36)
Board of Review				
Personal Services, Salaries wages				
Salaries and wages	\$ 1,165	\$ 1,665	\$ 1,860	\$ (195)
Employee benefits	211	211	213	(2)
Total Personal Services, Salaries	1,376	1,876	2,073	(197)
Capital Outlay	-	-	-	-
Other Current Expenditures				
Office Supplies	20	20	2	18
Travel/training	250	90	45	45
Printing and Publishing	-	160	157	3
Total Other Current Expenditures	270	270	204	66
Total Board of Review	\$ 1,646	\$ 2,146	\$ 2,277	\$ (131)
Treasurer				
Personal Services, Salaries wages				
Salaries and wages	\$ 20,771	\$ 20,771	\$ 20,599	\$ 172
Employee benefits	4,390	4,390	4,691	(301)
Total Personal Services, Salaries	25,161	25,161	25,290	(129)
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contractual Services	650	650	645	5
Office Supplies	1,078	1,078	551	527
Travel	425	425	243	182
Printing and Publishing	180	260	256	4
Repairs and Maintenance	200	120	-	120
Miscellaneous	35	35	35	-
Total Other Current Expenditures	2,568	2,568	1,730	838
Total Treasurer	\$ 27,729	\$ 27,729	\$ 27,020	\$ 709
Township Properties				
Personal Services, Salaries and wages				
Salaries and wages	\$ 6,504	\$ 6,504	\$ 6,504	\$ -
Employee benefits	852	902	859	43
Total Personal Services, Salaries	7,356	7,406	7,363	43
Capital Outlay	38,000	32,450	-	32,450
Other Current Expenditures				
Contracted Services	-	-	-	-
Office Supplies	220	200	151	49
Operating supplies	270	875	864	11
Utilities	8,070	7,960	5,369	2,591
Telephone	1,620	1,620	1,599	21
Insurance	9,400	9,200	9,187	13
Repairs and Maintenance	670	5,945	5,924	21
Miscellaneous	-	-	-	-
Total Other Current Expenditures	20,250	25,800	23,094	2,706
Total Township Properties	\$ 65,606	\$ 65,656	\$ 30,457	\$ 35,199

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual (Continued)
For the year ended March 31, 2007

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
Cemetery				
Personal Services, Salaries wages	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	4,000	4,200	4,200	-
Operating Supplies	500	300	200	100
Printing & publishing	50	50	21	29
Repairs & maintenance	370	370	250	120
Total Cemetery	<u>4,920</u>	<u>4,920</u>	<u>4,671</u>	<u>249</u>
Total General government	<u>\$ 164,190</u>	<u>\$ 166,860</u>	<u>\$ 128,916</u>	<u>\$ 37,944</u>
Legal and Accounting				
Other Current Expenditures				
Contracted Services	\$ 21,900	\$ 7,920	\$ 5,050	\$ 2,870
Miscellaneous	20	-	-	-
Total Legal & Accounting	<u>\$ 21,920</u>	<u>\$ 7,920</u>	<u>\$ 5,050</u>	<u>\$ 2,870</u>
Public Safety				
Police/Liquor Law Enforcement				
Other Current Expenditures				
Contracted Services	6,240	7,236	6,965	271
Planning and Zoning				
Personal Services, Salaries wages				
Salaries and wages	\$ 620	\$ 920	\$ 710	\$ 210
Employee benefits	124	144	99	45
Total Personal Services, Salaries	<u>744</u>	<u>1,064</u>	<u>809</u>	<u>255</u>
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	\$ -	\$ -	\$ -	\$ -
Printing & publishing	220	372	340	32
Total Other Current Expenditures	<u>220</u>	<u>372</u>	<u>340</u>	<u>32</u>
Total Planning and Zoning	<u>964</u>	<u>1,436</u>	<u>1,149</u>	<u>287</u>
Total Public Safety	<u>\$ 7,204</u>	<u>\$ 8,672</u>	<u>\$ 8,114</u>	<u>\$ 558</u>
Public Works				
Street Lights				
Personal Services, Salaries wages	\$ -	\$ -	\$ -	\$ -
Capital Outlay	1,500	-	-	-
Other Current Expenditures				
Contractual Services	-	-	-	-
Repairs and Maintenance	6,840	6,840	6,875	(35)
Total Other Current Expenditures	<u>6,840</u>	<u>6,840</u>	<u>6,875</u>	<u>(35)</u>
Total Street Lights	<u>\$ 8,340</u>	<u>\$ 6,840</u>	<u>\$ 6,875</u>	<u>\$ (35)</u>
Sanitation, Refuse Collection				
Other Current Expenditures				
Contracted Services	\$ -	\$ 565	\$ 554	\$ 11
Highways and Streets				
Personal Services, Salaries wages	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	-	1,500	1,257	243
Office Supplies	-	-	-	-
Miscellaneous	-	-	-	-
Total Other Current Expenditures	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,257</u>	<u>\$ 243</u>
Total Public Works	<u>\$ 8,340</u>	<u>\$ 8,905</u>	<u>\$ 8,686</u>	<u>\$ 219</u>

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
General Fund
Detail of Expenditures, Budget to Actual (Continued)
For the year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Culture and Recreation				
Parks and Recreation				
Personal Services, Salaries wages				
Salaries and wages	\$ 35,938	\$ 38,312	\$ 38,312	\$ -
Employee benefits	4,405	5,704	5,703	1
Total Personal Services, Salaries	<u>40,343</u>	<u>44,016</u>	<u>44,015</u>	<u>1</u>
Capital Outlay	1,200	2,000	1,955	45
Other Current Expenditures				
Contracted Services	2,614	4,756	4,756	-
Office Supplies	-	-	-	-
Operating Supplies	2,710	2,970	2,877	93
Travel	50	-	-	-
Dues & Memberships	200	418	418	-
Utilities	2,360	2,906	2,914	(8)
Telephone	396	290	290	-
Insurance	2,000	1,944	1,944	-
Repairs and Maintenance	1,935	2,297	2,296	1
Miscellaneous	150	-	-	-
Total Other Current Expenditures	<u>12,415</u>	<u>15,581</u>	<u>15,495</u>	<u>86</u>
Total Parks and Recreation	<u>53,958</u>	<u>61,597</u>	<u>61,465</u>	<u>132</u>
Total Culture and Recreation	<u>\$ 53,958</u>	<u>\$ 61,597</u>	<u>\$ 61,465</u>	<u>\$ 132</u>
Unallocated Other General Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers Out				
Sewer Fund	<u>\$ 32,000</u>	<u>\$ 92,000</u>	<u>\$ 91,540</u>	<u>\$ 460</u>
	<u>\$ 32,000</u>	<u>\$ 92,000</u>	<u>\$ 91,540</u>	<u>\$ 460</u>
Total Expenditures	<u>\$ 298,582</u>	<u>\$ 357,224</u>	<u>\$ 314,006</u>	<u>\$ 43,218</u>

Township of L'Anse
Fire Fund
Balance Sheet
March 31, 2007

	<u>March 31, 2007</u>
ASSETS	
Cash and investments	
Unrestricted	\$ 32,125
Restricted	-
Receivables	
Accounts (net)	-
Interest	-
Taxes - current	-
Taxes -delinquent personal	-
Due from Federal Government	-
Due from State of Michigan	-
Due from others funds	-
Due from others	5,662
Prepaid expense and other assets	-
	<u> </u>
TOTAL ASSETS	<u><u>\$ 37,787</u></u>
 LIABILITIES	
Accounts Payable	\$ 2,748
Cash & investment overdrafts	-
Due to other funds	-
Due to others	-
Due to federal government	-
Due to State of Michigan	-
Accrued payroll	-
Accrued sick and vacation	-
Other current liabilities	-
	<u> </u>
TOTAL LIABILITIES	2,748
 FUND EQUITY	
FUND BALANCE	
Unrestricted	35,039
Reserved	-
	<u> </u>
TOTAL FUND BALANCE	<u>35,039</u>
 TOTAL LIABILITIES & EQUITY	<u><u>\$ 37,787</u></u>

See Notes to Financial Statements and Independant Auditors Report

Township of L'Anse
Fire Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Property Taxes				
Operating tax Levy	\$ 76,030	\$ 76,030	\$ 75,785	\$ 245
Delinquent tax collection and interest	65	65	(177)	242
Tribal Land	-	-	-	-
Administrative fees	-	-	-	-
Total General Property Taxes	76,095	76,095	75,608	487
Intergovernmental Revenues				
Federal Shared Revenues	4,120	4,120	5,111	(991)
Charges for Services	600	600	590	(10)
Interest	400	400	706	306
Total Revenue	81,215	81,215	82,015	(208)
Public Safety				
Fire Protection				
Personal Services, Salaries wages				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Total Personal Services, Salaries	-	-	-	-
Capital Outlay	1,000	3,736	3,736	-
Other Current Expenditures				
Contracted Services	62,000	62,000	59,092	2,908
Operating Supplies	450	450	312	138
Travel	450	450	193	257
Printing & publishing	-	-	-	-
Utilities	2,500	2,064	1,782	282
Telephone	500	500	478	22
Insurance	3,200	3,200	3,057	143
Repairs & Maintenance	3,000	700	692	8
Miscellaneous	-	-	-	-
Total Other Current Expenditures	72,100	69,364	65,606	3,758
Total Fire Protection	73,100	73,100	69,342	3,758
Total Public Safety	73,100	73,100	69,342	3,758
TOTAL EXPENDITURES	73,100	73,100	69,342	3,758
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,115	8,115	12,673	<u><u>\$ (3,966)</u></u>
FUND BALANCE, APRIL 1	22,366	22,366	22,366	
FUND BALANCE MARCH 31	<u><u>\$ 30,481</u></u>	<u><u>\$ 30,481</u></u>	<u><u>\$ 35,039</u></u>	

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
Ambulance Fund
Balance Sheet
March 31, 2007

	<u>March 31, 2007</u>
ASSETS	
Cash and investments	
Unrestricted	\$ 96,163
Restricted	-
Receivables	
Accounts (net)	-
Interest	-
Taxes - current	-
Taxes -delinquent personal	-
Due from Federal Government	-
Due from State of Michigan	-
Due from others funds	-
Due from others	5,501
Prepaid expense and other assets	<u>-</u>
TOTAL ASSETS	<u><u>\$ 101,664</u></u>
LIABILITIES	
Accounts Payable	\$ -
Cash & investment overdrafts	-
Due to other funds	-
Due to others	-
Due to federal government	-
Due to State of Michigan	-
Accrued payroll	-
Accrued sick and vacation	-
Other current liabilities	<u>-</u>
TOTAL LIABILITIES	-
FUND EQUITY	
FUND BALANCE	
Unrestricted	101,664
Reserved	<u>-</u>
TOTAL FUND BALANCE	<u>101,664</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 101,664</u></u>

See notes to Financial Statements and Independant Auditors Report

Township of L'Anse
Ambulance Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Property Taxes				
Operating tax Levy	\$ 76,030	\$ 76,030	\$ 73,630	\$ (2,400)
Delinquent tax collection and interest	25	25	(182)	(207)
Trailer Park taxes	-	-	-	-
Administrative fees	-	-	-	-
Total General Property Taxes	76,055	76,055	73,448	(2,607)
Intergovernmental Revenues				
Federal Shared Revenues	4,100	4,100	3,779	(321)
Charges for Services	-	-	-	-
Interest	<u>1,380</u>	<u>1,380</u>	<u>2,968</u>	<u>1,588</u>
Total Revenue	<u>81,535</u>	<u>81,535</u>	<u>80,195</u>	<u>(1,340)</u>
Public Safety				
Police and Liquor Law				
Personal Services, Salaries wages				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Total Personal Services, Salaries	-	-	-	-
Capital Outlay	-	-	-	-
Other Current Expenditures				
Contracted Services	68,000	108,000	107,316	684
Operating Supplies	-	-	-	-
Travel	-	-	-	-
Printing & publishing	-	-	-	-
Utilities	-	-	-	-
Telephone	-	-	-	-
Insurance	-	-	-	-
Repairs & Maintenance	-	-	-	-
Miscellaneous	-	-	-	-
Total Other Current Expenditures	68,000	108,000	107,316	684
Total Police and Liquor Law	68,000	108,000	107,316	684
Total Public Safety	<u>68,000</u>	<u>108,000</u>	<u>107,316</u>	<u>684</u>
TOTAL EXPENDITURES	<u>68,000</u>	<u>108,000</u>	<u>107,316</u>	<u>684</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,535	(26,465)	(27,121)	<u>\$ 656</u>
FUND BALANCE, APRIL 1	<u>128,785</u>	<u>128,785</u>	<u>128,785</u>	
FUND BALANCE MARCH 31	<u>\$ 142,320</u>	<u>\$ 102,320</u>	<u>\$ 101,664</u>	

See Notes to Financial Statements and Independant Auditors Report

Township of L'Anse
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2007

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Liquor Law Enforcement</u>	<u>Electric Permits Fund</u>	<u>Building & Zoning Fund</u>	
ASSETS				
Cash and investments				
Unrestricted	\$ 1,116	\$ 7,054	\$ 1,218	\$ 9,388
Restricted	-	-	-	-
Receivables				
Accounts (net)	-	-	-	-
Interest	-	-	-	-
Taxes - current	-	-	-	-
Taxes -delinquent personal	-	-	-	-
Due from Federal Government	-	-	-	-
Due from State of Michigan	-	-	-	-
Due from others fun	-	-	-	-
Due from others	-	-	-	-
Prepaid expense and other assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,116</u>	<u>\$ 7,054</u>	<u>\$ 1,218</u>	<u>\$ 9,388</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Cash & investment overdrafts	-	-	-	-
Due to other funds	-	-	-	-
Due to others	-	-	-	-
Due to federal government	-	-	-	-
Due to State of Michigan	-	-	-	-
Accrued payroll	-	-	-	-
Accrued sick and vacation	-	-	-	-
Other current liabilities	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	-	-	-
FUND EQUITY				
FUND BALANCE				
Unrestricted	1,116	7,054	1,218	9,388
Reserved	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>1,116</u>	<u>7,054</u>	<u>1,218</u>	<u>9,388</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 1,116</u>	<u>\$ 7,054</u>	<u>\$ 1,218</u>	<u>\$ 9,388</u>

See Notes to Financial Statements and Independent Auditors Report

Township of L'Anse
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended March 31, 2007

	Liquor Law Fund				Electric Permits Fund				Building & Zoning Fund				Total Nonmajor Funds			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Property Taxes																
Operating tax Levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent tax collection and interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trailer Park taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenues																
State Shared Revenues	1,800	1,800	1,760	(40)	-	-	-	-	-	-	-	-	1,800	1,800	1,760	(40)
Charges for Services	-	-	-	-	5,500	5,500	3,530	(1,970)	4,280	4,280	3,405	(875)	9,780	9,780	6,935	(2,845)
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,800	1,800	1,760	(40)	5,500	5,500	3,530	(1,970)	4,280	4,280	3,405	(875)	11,580	11,580	8,695	(2,885)
Personal Services, Salaries wages																
Salaries and wages	2,900	2,900	900	2,000	-	-	-	-	-	-	-	-	2,900	2,900	900	2,000
Employee benefits	450	450	121	329	-	-	-	-	-	-	-	-	450	450	121	329
Total Personal Services, Salaries	3,350	3,350	1,021	2,329	-	-	-	-	-	-	-	-	3,350	3,350	1,021	2,329
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Expenditures																
Contracted Services	-	-	-	-	4,400	4,400	2,690	1,710	3,500	3,500	2,637	863	7,900	7,900	5,327	2,573
Operating Supplies	10	10	-	10	-	-	-	-	20	20	210	(190)	30	30	210	(180)
Travel	-	-	-	-	600	600	591	9	200	200	778	(578)	800	800	1,369	(569)
Printing & publishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	50	50	-	50	-	-	-	-	-	-	-	-	50	50	-	50
Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Current Expenditures	60	60	-	60	5,000	5,000	3,281	1,719	3,720	3,720	3,625	95	8,780	8,780	6,906	1,874
Total Police and Liquor Law	3,410	3,410	1,021	2,389	5,000	5,000	3,281	1,719	3,720	3,720	3,625	95	12,130	12,130	7,927	4,203
Totals	3,410	3,410	1,021	2,389	5,000	5,000	3,281	1,719	3,720	3,720	3,625	95	12,130	12,130	7,927	4,203
TOTAL EXPENDITURES	3,410	3,410	1,021	2,389	5,000	5,000	3,281	1,719	3,720	3,720	3,625	95	12,130	12,130	7,927	4,203
Operating Transfers In / (Out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,610)	(1,610)	739	<u>\$ (2,349)</u>	500	500	249	<u>\$ 251</u>	560	560	(220)	<u>\$ 780</u>	(550)	(550)	768	<u>\$ (1,318)</u>
FUND BALANCE, APRIL 1	377	377	377		6,805	6,805	6,805		1,438	1,438	1,438		8,620	8,620	8,620	
FUND BALANCE MARCH 31	<u>\$ (1,233)</u>	<u>\$ (1,233)</u>	<u>\$ 1,116</u>		<u>\$ 7,305</u>	<u>\$ 7,305</u>	<u>\$ 7,054</u>		<u>\$ 1,998</u>	<u>\$ 1,998</u>	<u>\$ 1,218</u>		<u>\$ 8,070</u>	<u>\$ 8,070</u>	<u>\$ 9,388</u>	

See Notes to Financial Statements and Independant Auditors Report

Township of L'Anse
All Agency funds statement of Assets and Liabilities
For the year ended March 31, 2007

GENERAL AGENCY FUND

	Balance April 1	Additions	Deductions	Balance March 31
<u>ASSETS</u>				
Cash in bank	\$ -	\$ 39,206	\$ 39,206	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 39,206</u>	<u>\$ 39,206</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Due to Other Funds:				
General Fund	\$ -	\$ 5,078	\$ 5,078	\$ -
Fire Fund	-	-	-	-
Ambulance Fund	-	-	-	-
Other Funds	-	-	-	-
Due to schools	-	-	-	-
Due to county	-	390	390	-
Due to state government	-	5,384	5,384	-
Due to federal government	-	28,354	28,354	-
Due to others	-	-	-	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 39,206</u>	<u>\$ 39,206</u>	<u>\$ -</u>

CURRENT TAX COLLECTION ACCOUNT

<u>ASSETS</u>				
Cash in bank	\$ 2,568	\$ 2,029,306	\$ 2,021,442	\$ 7,864
Taxes Recievable		1,047,046	1,047,046	-
TOTAL ASSETS	<u>\$ 2,568</u>	<u>\$ 3,076,352</u>	<u>\$ 3,068,488</u>	<u>\$ 7,864</u>
<u>LIABILITIES</u>				
Due to Other Funds:				
General Fund	\$ -	\$ 82,526	\$ 82,526	\$ -
Fire Fund	-	72,200	72,200	-
Ambulance Fund	-	70,148	70,148	-
Other Funds	-	1,095	1,095	-
Due to schools	-	-	-	-
Due to State Government	-	-	-	-
Due to county	-	772,639	772,639	-
Due to others	2,568	28,598	20,734	7,864
TOTAL LIABILITIES	<u>\$ 2,568</u>	<u>\$ 1,027,206</u>	<u>\$ 1,019,342</u>	<u>\$ 7,864</u>

Township of L'Anse
Statement of General Fixed Assets
March 31, 2007

	March 31, 2006	Additions	Disposals	March 31, 2007
General Fixed Assets				
Land	\$ 301,514	\$ -	\$ -	\$ 301,514
Buildings	1,122,934	-	-	1,122,934
Equipment	226,994	6,786	1,664	232,116
Assets under capital lease	-	-	-	-
Construction in progress	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general fixed assets	<u>\$ 1,651,442</u>	<u>\$ 6,786</u>	<u>\$ 1,664</u>	<u>\$ 1,656,564</u>
Investments in general fixed assets from:				
Capital projects funds:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Federal grants	14,554	-	-	14,554
Capital lease obligations	-	-	-	-
General Fund revenues	1,636,888	5,122	-	1,642,010
Special revenue fund revenues	-	-	-	-
Donations	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments in general fixed assets	<u>\$ 1,651,442</u>	<u>\$ 5,122</u>	<u>\$ -</u>	<u>1,656,564</u>

Richard C. Woodbury, P.C.

Certified Public Accountant
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Web Site - <http://www.rcwpc.com>

September 25, 2007

Township Board
L'Anse Township
L'Anse, MI 49946

We have audit the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of L'Anse Township, Michigan, as of March 31, 2007 which collectively compromise the L'Anse Township, Michigan's basic financial statements and have issued our report dated September 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered L'Anse Township, Michigan's, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the L'Anse Township, Michigan's, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of L'Anse Township, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects L'Anse Township, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of L'Anse Township, Michigan's financial statements that is more than inconsequential will not be prevented or detected by L'Anse Township, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by L'Anse Township, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be

significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be material weaknesses, as defined above.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether L'Anse Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of L'Anse Township, Michigan, in a separate letter dated September 25, 2007.

This report is intended solely for the information and use of management, the audit committee, Township Council, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specific parties.

Sincerely,

A handwritten signature in black ink that reads "Richard C. Woodbury". The signature is written in a cursive style with a horizontal line extending from the end.

Richard C. Woodbury
Certified Public Accountant

Richard C. Woodbury, P.C.

Certified Public Accountant

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Houghton, MI 49931

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Email - rwoodbury@charterinternet.com

Web Site - <http://www.rcwpc.com>

September 25, 2007

Township Board
L'Anse Township
L'Anse, MI 49946

We have completed our audit of the financial statements of L'Anse Township, Michigan for the year ended March 31, 2007, and have issued our report thereon dated September 25, 2007. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that the transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

As stated in our engagement letter, our responsibility as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of

the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of L'Anse Township, Michigan taken as a whole. Our study and evaluation disclosed conditions that we believe to be material weaknesses.

1. (Repeat) The Sewer Contingency Fund has about \$303,090 in cash and cash investments and will need approximately \$403,766 to retire its bonds. In the last couple of years the number of new sewer hookups has not been sufficient to accumulate sufficient monies to pay off these bonds. We recommend that the township continue to set aside an amount of money (sinking fund) each year so that future boards will not be saddled with a large amount of funding in the latter years of bond payoff. The township has been able to close this gap from approximately \$240,000 to just over \$100,000 in the last two years.
2. (Repeat) Due to the size of the Township and the limited availability of funds the Township is unable to have adequate separation of duties between employees and board members. We recommend that the board has an independent person, such as a board member, come in to review cash deposits, bank reconciliations and bookkeeping entries on a regular basis.

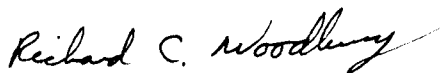
We are pleased to report that the following weaknesses from the previous year have been corrected:

1. The Township Board has adopted an Ethics Policy.
2. The Township has closed two of its enterprise funds that were no longer in use.

We would like to thank the Township for the opportunity to serve as your auditors. We would also like to express our appreciation for the courtesy and cooperation extended to us during the audit. As always, please feel free to call with questions regarding the information above or that which is presented in the basic financial statements.

This memorandum is intended solely for the information and use of the Board of Trustees, management and others within the Township, but its distribution is not limited.

Sincerely,

A handwritten signature in cursive script that reads "Richard C. Woodbury".

Richard C. Woodbury CPA